

# **Economic Commission for Europe**

## **Committee on Environmental Policy**

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### **Environmental Performance Review Programme:**

### **Third Environmental Performance Review of Montenegro**

Information paper No. 4

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## **Third Environmental Performance Review of Montenegro: recommendations**

### **Note by the secretariat**

#### *Summary*

The present document provides recommendations of the third Environmental Performance Review of Montenegro agreed upon by the Expert Group on Environmental Performance at its meeting held in Geneva on 30 September 2014.

The Committee is invited to adopt these recommendations.

## **I. Environmental governance and financing**

### **Chapter 1: Legal and policymaking framework and its practical implementation**

#### Recommendation 1.1:

The Government should:

- (a) Ensure that decisions on the development and adoption of new environment-related laws are taken carefully and that the political will is in place to implement and enforce the adopted legislation;
- (b) Prioritize implementation of environment-related legislation, in particular the Law on Environment, the Law on Nature Protection, the Law on Water, the Law on Chemicals and the Law on GMOs.

#### Recommendation 1.2:

The Government should improve the quality of strategic planning documents, their implementation and review, and in particular:

- (a) Achieve stronger coherence between strategic documents;
- (b) Allocate adequate resources for the implementation of measures envisaged in strategic documents;
- (c) Ensure regular and timely preparation of implementation reports.

#### Recommendation 1.3:

The Ministry of Sustainable Development and Tourism should:

- (a) Consider amending the Law on SEA, and in particular:
  - (i) Introduce mechanisms, including financial ones, to ensure the availability of multidisciplinary professional expertise for the evaluation of SEA reports;
  - (ii) Ensure consistent application of SEA procedures in relation to strategies;

- (b) Raise the awareness of environmental NGOs about SEA procedures and opportunities to participate.

Recommendation 1.4:

The Government, in cooperation with the Association of Municipalities, should strengthen capacity for conducting SEA procedures at the local level.

Recommendation 1.5:

The Ministry of Sustainable Development and Tourism, in cooperation with other relevant ministries, should ensure that:

- (a) The green economy concept has a prominent place in the revised National Strategy for Sustainable Development for the period 2014–2020;
- (b) Green economy transition approaches are integrated into other relevant strategic documents under development.

Recommendation 1.6:

The Ministry of the Interior, in cooperation with the Ministry of Sustainable Development and Tourism and relevant authorities, should:

- (a) Analyse and optimize the environmental responsibilities of local self-government authorities;
- (b) Assist local self-government authorities in the implementation of their environmental responsibilities through the provision of necessary guidance and training, including on how to access donor funding;
- (c) Optimize and streamline, for efficiency purposes, the amount of strategic environment-related documents required from the local level and support the preparation of local strategies, plans and programmes through the provision of guidance (e.g., development of model documents);
- (d) Ensure regular two-way exchange of information with local self-government authorities in charge of environmental issues and involve them in the development of policies and legislation under their purview.

## **Chapter 2: Compliance and enforcement mechanisms**

Recommendation 2.1:

The Government should establish mechanisms that will improve communication and coordination within the environmental compliance system, and strengthen capacity at all levels, with a focus on environment-related inspections, by:

- (a) Enhancing information management and sharing among the different agencies responsible for compliance assurance, and developing more structured coordination and cooperation mechanisms;
- (b) Operationalizing the integrated register of environmental polluters;
- (c) Centralizing responsibilities on IPPC matters at the national level, and systematically assessing human capacity for environmental regulation, implementation and enforcement.

Recommendation 2.2:

In order to further increase the procedural soundness, transparency and cost recovery of EIA and permitting:

- (a) The Ministry of Sustainable Development and Tourism should improve capacity to conduct project screening, especially at the local level, thus reducing the excessive use of EIA procedures;
- (b) The Environmental Protection Agency should develop schemes for payment to independent experts who are members of EIA commissions and IPPC technical committees, ensuring that the integrity of these bodies is not jeopardized;
- (c) The Ministry of Agriculture and Rural Development, in cooperation with the Ministry of Sustainable Development and Tourism, should take legislative steps to ensure that water permits are integrated into IPPC permits.

Recommendation 2.3:

The Administration for Inspection Affairs should focus environment-related inspection on performance, and enhance its transparency and accountability by:

- (a) Developing a clear and transparent approach for inspection planning and reporting, backed by the enactment of relevant standard operating procedures;
- (b) Building capacity in and strengthening the practice of joint and integrated inspections, especially for IPPC installations;
- (c) Enhancing the system of data collection and analysis in support of inspection;
- (d) Revising the frequency of inspection.

Recommendation 2.4:

The Government should assess the effectiveness of compliance promotion mechanisms, identify relevant measures, define responsibilities and start implementing compliance promotion activities.

Recommendation 2.5:

The Administration for Inspection Affairs, in cooperation with the Ministry of Sustainable Development and Tourism, the Ministry of Justice and the judicial authorities, should:

- (a) Provide joint capacity-building for inspectors and judges and strengthen communication mechanisms between them;
- (b) Develop manuals on environmental misdemeanours and crime to facilitate evidence gathering and prosecution.

### **Chapter 3: Economic instruments, environmental expenditure and investments for greening the economy**

Recommendation 3.1:

The Ministry of Sustainable Development and Tourism, in cooperation with the Ministry of Economy and the Ministry of Finance should:

- (a) Conduct a review of the existing system of pollution charges, keeping in mind medium-term strategies, ensuring an adequate gradual increase of such charges;
- (b) Create stronger incentives for enterprises to adopt pollution abatement measures,
- (c) Take into account the complementary roles of pollution charges and stringent regulation of pollution sources in achieving an effective environmental policy mix;
- (d) Ensure a regular and automatic flow of information from the State Treasury to the Environmental Protection Agency about pollution charges collection;
- (d) Ensure an effective collection of pollution charges by the State Treasury;
- (e) Make information on aggregate revenues from pollution charges publicly available.

Recommendation 3.2:

The Ministry of Sustainable Development and Tourism, in cooperation with the Ministry of Economy and local self-governments, should design mechanisms that aim at:

- (a) Phasing out the current tariff policy for utility services and introducing effective measures to ensure the affordability of higher tariffs for low-income households, if needed, by involving independent regulatory agencies (e.g., the Energy Regulatory Agency);
- (b) Ensuring the financial viability of utility companies and internalizing externalities by gradually raising tariffs to levels that allow for full cost recovery and reflect the real supply costs of services provided to the main customer groups;
- (c) Regionalizing communal utility services to exploit the scope for public-private partnerships in the provision of these services;
- (d) Increasing bill collection rates, notably from households;
- (e) Introducing in the waste sector (in the more advanced regions) more innovative tariffs (such as per capita-based or weight-based tariffs).

Recommendation 3.3:

The Government and the local self-government authorities should:

- (a) Integrate medium-term environmental investment plans with the annual and multi-annual budget processes and allocate the necessary funds for prioritized, results-oriented programmes, taking into account the results of a cost-benefit analysis;

- (b) Strengthen the capacities at the municipal level for managing the budget cycle of projects, such as budget preparation, planning and implementation, and financial reporting;
- (c) Consider the possibility of entrusting a governmental institution to act as an environmental investment centre able to implement medium-term environmental investment plans.

## **Chapter 4: Environmental monitoring, information and education**

### Recommendation 4.1:

The Government should increase the performance and efficiency of environmental monitoring activities, in particular by:

- (a) Ensuring the necessary funding to perform these activities;
- (b) Ensuring the continuity of monitoring activities through necessary adjustments to administrative procedures;
- (c) Acquiring the necessary monitoring equipment,
- (d) Considering the need to establish a laboratory for the calibration of analyses.

### Recommendation 4.2:

The Government should clarify responsibilities related to environmental monitoring (of soil and water) and amend accordingly the related legislation to provide an effective legal basis for monitoring activities.

### Recommendation 4.3:

The Ministry of Sustainable Development and Tourism, through the Environmental Protection Agency, and in cooperation with relevant environment data holders, should:

- (a) Accelerate the development of the integrated environmental information system and establish protocols for data and information flows;
- (b) Establish data collection and processing for indicators where such data are not available;
- (c) Improve the indicator-based state-of-the-environment report by making it more oriented towards policymaking;
- (d) Enforce reporting by enterprises.

### Recommendation 4.4:

The Government should improve the online accessibility of environmental information and data, including by providing direct access to monitoring data and information as well as to the indicators.

### Recommendation 4.5:

The Ministry of Education, with the support of the Bureau for Education Services and the Centre for Vocational Education, should accelerate teacher training for the effective introduction of the new curricula related to environment and sustainable development.

## **II. Domestic-international interface**

### **Chapter 5: Implementation of international environmental agreements**

#### Recommendation 5.1:

The Government should systematically and gradually reduce the country's dependence on international aid in order to fulfil its obligations under multilateral environmental agreements, and aim to raise its capacity to act within a scenario in which most of the funds are provided from domestic sources.

#### Recommendation 5.2:

The Government should ensure that adequate funding is made available for implementation of the country's commitments on MDG7.

#### Recommendation 5.3:

As soon as appropriate capacities for implementation are available, the Government should accede to the following protocols:

- (a) The Protocol on Pollutant Release and Transfer Registers of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters;
- (b) The Protocol on Water and Health of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes.

Recommendation 5.4:

The Ministry of Transport and Maritime Affairs, in cooperation with the Ministry of Sustainable Development and Tourism, should ensure the implementation of the Annex VI Prevention of Air Pollution from Ships of the International Convention for the Prevention of Pollution from Ships (MARPOL).

## **Chapter 6: Climate change**

Recommendation 6.1:

The Government, through the National Council on Sustainable Development and Climate Change, should:

- (a) Ensure that priority areas for further actions, measures and instruments to reach climate change mitigation and adaptation targets, as well as implementation plans, are integrated into the strategy on climate change and secure funding for its implementation;
- (b) Ensure the integration of climate change adaptation issues into sectoral policies and strategies, especially for agriculture, health and transport.

Recommendation 6.2:

The Ministry of Economy should:

- (a) Increase investments to reduce losses in the electricity transmission and distribution grid and ensure that grid improvements are in line with the targets and needs of a higher share of variable renewable energy, and urge the Montenegrin Electric Enterprise (EPCG) to elaborate and implement a grid modernization plan;
- (b) Further improve the conditions for investors in renewable electricity production by verifying and, if necessary, adapting requirements on grid connection to avoid exceeding connection costs;
- (c) Develop, in cooperation with the Ministry of Sustainable Development and Tourism, a national low interest loan programme to rehabilitate buildings to improve their energy performance and to waive legal fees for the regularization of illegal housing where the occupants have introduced energy-saving equipment;
- (d) Develop alternatives to lignite-fired power plants, by developing scenarios with high efficiency step-up technology and enhanced use of renewable energy, taking into account environmental impacts.

## **III. Interaction of environment with selected sectors/issues**

### **Chapter 7: Water management**

Recommendation 7.1:

The Ministry of Agriculture and Rural Development, in collaboration with the Ministry of Sustainable Development and Tourism and related bodies, should develop:

- (a) A new water master plan;
- (b) River basin management plans for the Adriatic and Black Sea River Basin districts;
- (c) A national information system for water planning and use.

Recommendation 7.2:

The Ministry of Agriculture and Rural Development, in collaboration with the Ministry of Sustainable Development and Tourism, should implement:

- (a) Sustainable solutions for municipal and industrial wastewater treatment and sludge valorization;
- (b) Design codes for water infrastructure in urban areas so that it is sensitive to flood risks, as well as measures for erosion mitigation.

## **Chapter 8: Waste management**

### Recommendation 8.1:

The Ministry of Sustainable Development and Tourism, in cooperation with the municipalities of the mountain region, should develop a new sanitary landfill in that region.

### Recommendation 8.2:

The Ministry of Sustainable Development and Tourism, in cooperation with the Ministry of Finance, should elaborate schemes for stimulating market-based mechanisms for the recycling and reusing of waste.

### Recommendation 8.3:

The Ministry of Sustainable Development and Tourism, together with the local self-governments, should:

- (a) Negotiate the creation of regional waste management companies;
- (b) Support inter-municipal cooperation in waste management.

### Recommendation 8.4:

The Statistical Office and the Environmental Protection Agency should improve the collection and verification of waste data.

### Recommendation 8.5:

The Ministry of Sustainable Development and Tourism and the Administration for Inspection Affairs should perform a detailed, countrywide inventory of equipment containing PCBs.

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